

Message Text

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ACTION ARA-20

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E.O. 11652: N/A

TAGS: ECON, ETRD, CU, AR

SUBJ: ARGENTINE TRADE WITH CUBA--STAUFFER GELATIN

REF: BUENOS AIRES 3501

BUENOS AIRES 3234

1. SUMMARY: EMBASSY INFORMED OF ADDITIONAL NEW CASE INVOLVING COMPLICATIONS FROM APPLICATION US CUBAN ASSETS CONTROL REGS AS THEY AFFECT ARGENTINA'S SUPPLY OF GOODS TO CUBA UNDER 1973 CREDIT. CUBAN MISSION PRESSURING STAUFFER'S SUBSIDIARY IN ARGENTINA TO SELL COMMERCIAL GELATIN. STAUFFER SUBSIDIARY SUCCESSFULLY DELAYING ACTION. ACTION REQUESTED: DEPARTMENT'S COMMENTS INVITED. END SUMMARY.

2. OFFICIALS OF STAUFFER CHEMICAL COMPANY'S ARGENTINE SUBSIDIARY, STAUFFER ROUSSELOT ARGENTINA, S.A. (SRA), HAVE REPORTED TO EMBASSY THAT ON FOUR OCCASIONS SINCE JANUARY, 1974, CUBAN PURCHASING MISSION HAS WRITTEN OR TELEXED TO THE FIRM INVITING AN OFFER TO SELL COMMERCIAL GELATIN FOR SHIPMENT TO CUBA. ON EACH OCCASION SRA OFFICIALS HAVE REPLIED THAT THEIR CURRENT PRODUCTION AND PRODUCTION IN THE NEAR FUTURE, IS ALL COMMITTED AND THAT THEY HAVE NO PRODUCTS FOR SALE. THEY EMPHASIZED THEIR

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PLANT IS WORKING TO CAPACITY.

3. SRA OFFICIALS ASSURE EMBASSY THAT PLANT INDEED IS OPERATING AT CAPACITY. PRODUCTION OVER AND ABOVE MARKET NEEDS IN ARGENTINA IS BEING EXPORTED TO APPROXIMATELY 20 OTHER COUNTRIES INCLUDING USA, A FACT WHICH SRA HAS NOT REVEALED TO CUBANS. SRA OFFICIALS BELIEVE THAT CUBA'S PAST SOURCES OF SUPPLY ARE NOW PROVIDING LESS GELATIN TO CUBA THAN IN PAST BECAUSE THERE IS A WORLD SHORTAGE OF THE PRODUCT AND A GENERAL RATIONING AMONG CLIENTS BY PRODUCERS. THEY BELIEVE THAT IN THESE CIRCUMSTANCES CUBANS ARE SEEKING NEW SOURCES OF SUPPLY AND HOPE TO TAKE ADVANTAGE OF NEW COMMERCIAL RAPPROACHMENT BETWEEN ARGENTINA AND CUBA.

4. IN EARLY JUNE CUBAN PURCHASING MISSION SENT TELEX TO SRA ASKING FOR TEN KILO SAMPLE OF GELATIN FOR EXAMINATION AND ANALYSIS..." SO AS TO PREPARE FOR POSSIBLE FUTURE TRANSACTION." AFTER DISCUSSING POSSIBLE ADVANTAGES AND DISADVANTAGES WITH SRA OFFICIALS, ECOM COUNSELOR STATED HE SAW NO OBJECTION TO PROVISION OF REASONABLE SMALL SAMPLE BEING PROVIDED CUBANS IF ACCOMPANIED BY FURTHER LETTER INDICATING SRA STILL NOT INTERESTED IN TRANSACTION. SRA OFFICIALS STATED THEY INTENDED SEND CUBAN MISSION ONE KILO AND ANOTHER NEGATIVE LETTER. THIS DECISION SEEMED REASONABLE TO EMBASSY AND SRA AS ADDITIONAL DELAYING TACTIC UNLIKELY TO STIMULATE CUBAN MISSION TO COMPLAIN TO ARGENTINE MINISTRY OF ECONOMY CONCERNING FAILURE OF SRA TO COOPERATE.

5. BECAUSE STAUFFER SUBSIDIARY FIRM IS APPARENTLY PREPARED TO MEET ANY INQUIRY BY GOA OFFICIALS WITH EVIDENCE THAT ITS CAPACITY IS BEING USED AND EXPORT SALES ARE FOR RELATIVELY PROMPT PAYMENT, IT SEEMS IMPROBABLE THAT GOA WOULD MOVE SOON TO FORCE THIS SUBSIDIARY TO FILL CUBAN ORDERS. PRESSURE BY CUBANS MIGHT, HOWEVER, RESULT IN SOME ACTION AFTER A PERIOD OF TIME. DEPARTMENT'S COMMENTS ARE INVITED.
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